



May 5, 2026

Honorable Buffy Wicks
Chair, Committee on Appropriations
California State Assembly
1021 O Street, Suite 8220
Sacramento, CA 95814

RE: OPPOSE AB 2245 (Michelle Rodriguez) – OPPOSE

Dear Chairwoman Wicks:

On behalf of the California Retailers Association (CRA), we remain respectfully **OPPOSED to AB 2245 (Michelle Rodriguez)**.

CRA is the only statewide trade association representing all segments of the retail industry including general merchandise, department stores, mass merchandisers, on-line marketplaces, restaurants, convenience stores, supermarkets and grocery stores, chain drug and specialty retail such as auto, vision, jewelry, hardware and home stores. The California Retailers Association works on behalf of California's retail industry, a driving force of California's economy, with over 400,000 retail establishments, an annual gross domestic product of \$330 billion and one fourth of California's total employment.

The retail industry is committed to the goals of California's Extended Producer Responsibility (EPR) and Product Stewardship Programs and has made significant investments in sustainable practices including supporting The California Oil Recycling Enhancement (CORE) Act, which is managed by CalRecycle and mandates responsible management of used oil, funding over 3,000 Certified Collection Centers (CCCs) to accept oil from the public. While AB 2245 is said to no longer impact CORE and instead focuses on creating a separate EPR for the packaging of used-oil related products, CRA still has concerns with the bill, with the highest priority concern being its cost impacts to California consumers and the state.

The compliance, fee, and reporting obligations in AB 2445 are significant for producers, distributors, and retailers and those costs will be borne onto the consumer and the State of California. The volume of reporting requirements alone suggests the state's administrative costs for AB 2245 will be substantial.

AB 2245 requires producers to fully fund a Producer Responsibility Organization (PRO), pay all costs for collecting discarded products, pay numerous fees to the state, and be subject to numerous new business costs. The bill also bans non-compliant products and imposes penalties of up to \$50,000 per day. *These new fees, business costs, and regulatory compliance costs on manufacturers of antifreeze, grease, engine additives, and other petroleum products and fluids, will result in higher costs to consumers in the form of higher prices.*

AB 2245 creates at least four new fees: (1) a fee from the PRO to reimburse CalRecycle for its costs incurred in studying covered products on a pro rata basis, (2) the financial contributions industry

producers must pay to the PRO to fund the PRO's operations and collection activities, (3) a fee or fees that CalRecycle deems necessary to cover its regulatory costs, plus costs incurred by the Department of Toxic Substances Control (DTSC), and (4) all administrative, operational, collection, transportation, management, and regulatory costs incurred by the PRO, capped at 1% of the PRO's annual budget.

AB 2245 costs come at a time when consumers and the State of California can least afford them. California's nonpartisan Legislative Analyst's Office (LAO) projects a roughly **\$18 billion** deficit for the next fiscal year with multiyear deficits of **\$20 billion to \$35 billion annually**. In addition to the state's ballooning budget deficit, the California Department of Resources Recycling and Recovery (CalRecycle) faces regulatory implementation costs of **\$36 billion** for California's SB 54- the Plastic Pollution Prevention and Packaging Producer Responsibility Act, which starts January 1, 2027, following the Office of Administrative Law's final approval of the regulations on May 1, 2026. And SB 54's costs to the state is just one of 14 existing state product stewardship and EPR programs that the state must oversee and manage.

AB 2245 unnecessarily adds a 15th expensive oversight program to the state as the products AB 2245 seeks to cover are already covered by SB 54.

For consumers, AB 2245 costs add to the already ballooning costs of everyday necessities following the United States ongoing war with Iran and Trump Administration Tariffs. The average price of gasoline in California has topped \$6.00/gallon and groceries are costing the everyday consumer nearly \$400 per month. AB 2245 will add to the pain at the pump and grocery store by increasing the costs of products that help consumers maintain their vehicles and keep them operational for getting to work, kids to school and other basic needs throughout each day.

Nearly every line in AB 2245 is either a new business mandate or a new task for California's regulatory agencies with costs and mandates ranging from the small (e.g., CalRecycle publishing product names, and industry determining discarded product drop-off centers) to the gargantuan (new fees on industry and requiring industry to pay all costs associated with collection, transportation, and management of discarded products).

California consumers and state agencies cannot afford AB 2245.

The sponsor of AB 2245, the National Lubricant Container Recycling Coalition (NLCRC), has proposed a pilot project in one local jurisdiction in California to study how AB 2245 would work on a much smaller scale and CRA supports this approach before pursuing a new costly and sweeping statewide EPR program. If the Assembly Appropriations Committee is considering letting this bill move forward through the legislative process, CRA recommends the Committee amend AB 2245 to be focused on a localized pilot project covering one local jurisdiction in California to appropriately assess the need for and feasibility of pursuing a statewide program in the future. This will save on costs and makes good policy sense.

Retailers have an important connection with their consumers and communities and want to be good stewards to both. Retailers want to promote sustainability and a circular economy that works for California residents and California's environment. AB 2245 is not the answer.

While we share the goal to find new ways to recycle certain materials related to automotive repair and maintenance, AB 2245 requires building a completely new system in just roughly three years. This system

will have an astronomical cost, which will be paid for entirely by producers. These same producers will also be financing California's 14 other product stewardship and EPR systems. While retailers do their best to get the best price for consumers, AB 2245 will force business to raise costs to help pay for these programs.

Lawmakers should work with retailers to create policies that meet the goals of EPR programs while also solving the challenges facing California residents.

The California Retailers Association, again, is committed to sustainability and leaning into EPR, but we must get existing EPR frameworks to work before piling on new regulatory schemes. CRA President and CEO Rachel Michelin is an appointee to the SB 54 Advisory Board and serves as an ex-officio member of the Circular Action Alliance (CAA) Producer Responsibility Organization (PRO), CRA's Vice President of Operations and Sustainability Compliance Sarah Pollo Moo serves on the advisory board for CARE, LLC – created under AB 863 (Aguiar-Curry, 2024) – The Carpet America Recovery Effort (CARE) operates the California Carpet Stewardship Program, a state-mandated initiative to increase carpet recycling and diversion from landfills.

The California Retailers Association and our members are deeply invested in creating a more circular economy for plastics and packaging, but we must make sure any current or proposed EPR program is successful both for producers, local governments and, most importantly, consumers. AB 2245 does not solve a problem in the packaging and circularity space, rather it makes the problem bigger.

For these reasons, the California Retailers Association must respectfully oppose **AB 2245**.

Respectfully,

A handwritten signature in black ink, appearing to read 'Sarah Pollo Moo', with a long horizontal line extending to the right.

Sarah Pollo Moo
Vice President, Operations and Sustainability Compliance
California Retailers Association

Cc: Nikita Koraddi, Principal Consultant
Members of the Assembly Appropriations Committee